

Financial Statements of

**KINGSTON & FRONTENAC
HOUSING CORPORATION**

Year ended December 31, 2024

KINGSTON & FRONTENAC HOUSING CORPORATION

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Kingston & Frontenac Housing Corporation (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

Mary Lynn Cousins Brame
Chief Executive Officer

Dan Song
Director of Finance & Operations



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of Kingston & Frontenac Housing Corporation

Opinion

We have audited the financial statements of Kingston & Frontenac Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial debt for the year then ended
- the statement of accumulated remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 24, 2025

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 10,825,571	\$ 11,392,749
Rents receivable	190,100	233,180
Receivable from the Corporation of the City of Kingston (note 7)	30,732	—
Other receivables	737,465	877,613
	11,783,868	12,503,542
Long-term investments (notes 3, 5 and 6)	3,886,747	3,509,305
	15,670,615	16,012,847
Financial liabilities:		
Accounts payable and accrued liabilities	4,678,880	4,861,987
Accrued payroll and employee benefits	198,070	166,737
Current portion of long-term debt (note 4)	11,735,321	7,852,981
Prepaid rents	510,959	542,408
Deferred revenue	216,127	57,183
Subsidy paid in advance	772,844	49,997
Payable to the Corporation of the City of Kingston (note 7)	—	454,061
	18,112,201	13,985,354
Long-term debt (note 4)	20,822,735	19,208,621
Asset retirement obligations (note 8)	9,000,407	8,823,929
	47,935,343	42,017,904
Net financial debt	(32,264,728)	(26,005,057)
Non-financial assets:		
Tangible capital assets (note 13)	103,479,448	94,987,506
Prepaid expenses	738,540	706,398
	104,217,988	95,693,904
Contingent liabilities (note 12)		
Commitments (note 18)		
Accumulated surplus	\$ 71,953,260	\$ 69,688,847
Accumulated surplus is comprised of:		
Accumulated surplus	\$ 71,974,543	\$ 69,812,259
Accumulated rereasurement losses	(21,283)	(123,412)
	\$ 71,953,260	\$ 69,688,847

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 10)	2024 Total	2023 Total
Revenue:			
Local housing subsidy (note 14)	\$ 6,940,748	\$ 6,940,748	\$ 6,770,360
Rents	8,738,142	9,059,526	8,858,204
Rent supplement	3,954,612	3,476,388	2,928,086
Portable Housing Program subsidy	879,311	949,809	1,072,131
Province of Ontario grant	168,000	167,945	167,945
Non-rental revenue	329,288	383,047	406,582
Interest income	71,000	653,980	754,910
	21,081,101	21,631,443	20,958,218
Expenses:			
Rent supplement and portable program costs	4,693,334	4,285,608	4,000,217
Municipal taxes	3,096,954	2,983,817	2,916,371
Salaries and benefits	3,064,847	2,737,781	2,667,754
Maintenance expense	2,247,588	2,211,169	2,159,482
Capital expenses	2,086,561	1,673,349	2,252,059
Utilities	1,626,593	1,504,570	1,501,070
Interest on long-term debt	862,590	806,540	738,080
Insurance	675,287	658,529	595,876
Professional services	426,910	351,894	588,536
Administration services and expenses	180,028	198,693	201,998
Bad debts	264,472	140,871	321,827
Amounts recognized as tangible capital assets	—	(926,524)	(1,875,061)
	19,225,164	16,626,297	16,068,209
Excess of revenue over expenses before the undernoted items	1,855,937	5,005,146	4,890,009
Amortization expense	—	3,268,641	3,180,741
Capital government grants	—	(425,779)	(8,258,683)
	—	2,842,862	(5,077,942)
Annual surplus	1,855,937	2,162,284	9,967,951
Accumulated surplus, beginning of year	69,812,259	69,812,259	59,844,308
Accumulated surplus, end of year	\$ 71,668,196	\$ 71,974,543	\$ 69,812,259

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Change in Net Financial Debt

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 10)	2024 Total	2023 Total
Annual surplus	\$ 1,855,937	\$ 2,162,284	\$ 9,967,951
Acquisition of tangible capital assets	(2,086,561)	(11,760,583)	(14,880,250)
Amortization of tangible capital assets	—	3,268,641	3,180,741
Change in prepaid expenses	—	(32,142)	(49,121)
Change in remeasurement losses	—	102,129	—
Net change in net financial assets (debt)	(230,624)	(6,259,671)	(1,780,679)
Net financial debt, beginning of year	(26,005,057)	(26,005,057)	(24,224,378)
Net financial debt, end of year	\$ (26,235,681)	\$ (32,264,728)	\$ (26,005,057)

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Accumulated Remeasurement Gains and Losses

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement losses, beginning of year (note 2)	\$ (123,412)	\$ (183,707)
Net unrealized gains attributable to:		
Investments designated at fair value	102,129	60,295
Accumulated remeasurement losses, end of year	\$ (21,283)	\$ (123,412)

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,162,284	\$ 9,967,951
Adjustments to non-cash items:		
Amortization of tangible capital assets	3,268,641	3,180,741
Increase in asset retirement obligations	176,478	—
Increase in remeasurement gains	102,129	—
	5,709,532	13,148,692
Change in non-cash assets and liabilities:		
Rents receivable	43,080	29,289
Receivable from the Corporation of the City of Kingston	(30,732)	—
Other receivables	140,148	1,430,832
Prepaid expenses	(32,142)	(49,121)
Accounts payable and accrued liabilities	(183,107)	1,676,043
Accrued payroll and employee benefits	31,333	15,450
Prepaid rents	(31,449)	62,715
Deferred revenue	158,944	(24,326)
Subsidy paid in advance	722,847	(718,605)
Payable to the Corporation of the City of Kingston	(454,061)	124,012
	364,861	2,546,289
	6,074,393	15,694,981
Capital activities:		
Cash used to acquire tangible capital assets	(11,760,583)	(14,880,250)
Financing activities:		
Proceeds of long-term debt	7,112,111	6,213,599
Principal repayment of long-term debt	(1,615,657)	(4,999,619)
	5,496,454	1,213,980
Investing activities:		
Increase in long-term investments	(377,442)	(780,795)
Increase (decrease) in cash	(567,178)	1,247,916
Cash, beginning of year	11,392,749	10,144,833
Cash, end of year	\$ 10,825,571	\$ 11,392,749

See accompanying notes to financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements

Year ended December 31, 2024

Kingston & Frontenac Housing Corporation (the "Corporation") was incorporated under the Corporations Act of Ontario on December 14, 2000. Its principal activity is the provision of socially assisted housing.

These financial statements present the financial position and results of operation of Kingston & Frontenac Housing Corporation, which is a non-profit organization under the Income Tax Act (Canada) and exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Corporation are as follows:

(a) Basis of accounting:

The Corporation follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Funding arrangements:

Kingston & Frontenac Housing Corporation rent geared to income program is funded primarily by the Corporation of the City of Kingston as Consolidated Municipal Service Manager (the "Service Manager"), in accordance with budget arrangements formerly established by Ministry of Municipal Affairs and Housing and the Corporation of the City of Kingston. These financial statements reflect agreed arrangements approved by the Corporation of the City of Kingston with respect to the year ended December 31, 2024.

(c) Municipal rent geared to income program subsidy revenue:

The rent geared to income program operating subsidy is recognized based on the approved fiscal allocation by the Service Manager, and adjusted for estimated recoveries based on actual expenses incurred during the year. Subsidies may be adjusted by the Service Manager based on an annual reconciliation performed subsequent to year end. Any further adjustments will be recorded in the year of Service Manager approval.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
Furniture and equipment	10
Land improvements	30
Buildings and building improvements	15 to 40

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Government transfers:

Government transfers are the transfer of monetary assets or tangible capital assets from other levels of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future.

The Corporation receives government transfers from the federal, provincial and municipal governments to fund operating and capital expenditures. These transfers to the Corporation are recognized as revenues when the transfers are authorized and all of the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

(g) Asset retirement obligations:

The Board recognizes the fair value of an asset retirement obligation ("ARO") when all the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations and Accumulated Surplus at the time of remediation.

The Board has not recognized any asset retirement obligations as at December 31, 2024 or 2023.

(h) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(h) Liability for contaminated sites (continued):

(iii) the Board:

- a. is directly responsible; or
- b. accepts responsibility

(iv) it is expected that future economic benefit will be given up; and

(v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

2. Change in Accounting Policy – Adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2024 retroactively with restatement: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and adopted PSG-8 *Purchased Intangibles* prospectively.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There were no adjustments to opening balances as a result of adopting the new accounting standards.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Long-term investments:

Investments reported under financial assets represent excess operating funds that are comprised of the following:

	Level	2024	2023
Cash	1	\$ –	\$ –
Deposits – Affordable Housing Project (note 6)	2	1,288,425	1,111,575
Fixed income deposits	2	2,031,820	2,397,730
Equities	2	566,502	–
		\$ 3,886,747	\$ 3,509,305

The portion of long-term investments relating to the Affordable Housing Project is \$1,288,425 (2023 - \$1,111,575).

Investments under the Affordable Housing Project are held as part of the lender's requirement and hence, restricted in nature. The value of the investments held in trust with Industrial Alliance as at December 31, 2024 is \$351,695 (2023 - \$315,904) and with Infrastructure Ontario as at December 31, 2024 is \$936,730 (2023 - \$795,671).

During the year there were no transfers between fair value hierarchy levels.

The maturity profile of fixed income investments held is as follows:

As at December 31, 2024	Within 1 year	1-5 years	6-10 years	Total
Carrying value	\$ –	\$ 2,031,820	\$ –	\$ 2,031,820
Percentage of total	0.0%	100%	0.0%	100%

As at December 31, 2023	Within 1 year	1-5 years	6-10 years	Total
Carrying value	\$ –	\$ 2,397,730	\$ –	\$ 2,397,730
Percentage of total	0.0%	100.0%	0.0%	100.0%

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Affordable housing program long-term debt:

	2024	2023
5.421% Mortgage payable in monthly blended instalments of \$29,240, due February 15, 2028, secured by 119 and 129 Van Order Drive	\$ 2,894,987	\$ 3,085,115
3.59% Mortgage payable in monthly blended instalments of \$3,390, due October 15, 2032, secured by 233 Queen Mary Road	277,469	307,606
3.41% Mortgage payable in monthly blended instalments of \$10,345, due December 20, 2036, secured by 40 Cliff Crescent	1,221,100	1,302,093
3.48% Mortgage payable in monthly blended instalments of \$3,260, due March 26, 2049, secured by 28 Cliff Crescent	640,184	656,715
3.41% Mortgage payable in monthly blended instalments of \$10,078, due May 28, 2049, secured by 645 Brock Street	2,002,221	2,053,920
2.82% Mortgage payable in monthly blended instalments of \$2,047.10, due May 1, 2050, secured by 20 Cliff Crescent	445,353	457,178
2.55% Mortgage payable in monthly blended instalments of \$3,262.61, due August 24, 2050, secured by 1 Curtis Crescent	736,868	756,951
0.91% Mortgage payable in monthly blended instalments, due December 1, 2030, secured by 27 Wright Crescent	4,502,653	4,563,086
Interest free and unsecured seed funding payable, for 1 Curtis Crescent due at the earlier of (i) receipt of project funding; (ii) the third anniversary of the signing of the seed funding agreement; or (iii) upon project termination or discontinuance	35,000	35,000
Interest free and unsecured seed funding payable for 20 Cliff Crescent, due at the earlier of (i) receipt of project funding; (ii) the third anniversary of the signing of the seed funding agreement; or (iii) upon project termination or discontinuance	21,000	21,000
1% Mortgage, payable \$79,129 yearly including interest, due December 15, 2071, secured by 1316 Princess Street	2,955,742	3,004,822
3.15% cash advance (convertible into mortgage upon project completion), including interest, due December 15, 2031, secured by 1316 Princess Street	9,983,179	2,866,893
Carry forward	25,715,756	19,110,379

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Affordable housing program long-term debt (continued):

	2024	2023
Carried forward	\$ 25,715,756	\$ 19,110,379
5.972% Mortgage, payable \$29,594 monthly including interest, due May 1, 2028, secured by Cassidy Street	1,099,865	1,381,057
3.74% Mortgage, payable \$22,656 monthly including interest, due May 1, 2028, secured by Rideaucrest Towers	871,245	1,106,030
6.49% Mortgage, payable \$27,018 monthly including interest, due January 1, 2026, secured by Country Pines	904,972	1,162,221
7.018% Mortgage, payable \$21,456 monthly, including interest, due January 1, 2026, secured by Eldon Hall	3,315,595	3,345,368
2.248% Mortgage, payable \$26,661 monthly including interest, due January 1, 2027, secured by Patrick Street	650,623	956,547
	32,558,056	27,061,602
Current portion of long-term debt	(11,735,321)	(7,852,981)
	\$ 20,822,735	\$ 19,208,621

The minimum scheduled principal repayments are as follows:

2025	\$ 11,735,321
2026	5,387,797
2027	1,178,932
2028	2,888,591
2029	376,235
2030 and thereafter	10,991,180
	\$ 32,558,056

Interest on mortgages payable in the amount of \$806,540 (2023 - \$732,356) is included in interest on long-term debt on the Statement of Operations and Accumulated Surplus.

The mortgages are secured by the following:

- (i) a first charge on the lands and all real and immoveable property located thereon;
- (ii) a first general assignment of leases and rents; and
- (iii) a first general security agreement.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Rent geared to income capital reserve fund:

In compliance with the Housing Services Act (“HSA”), sections 27(3) and 124(b), a capital reserve fund is maintained for the purpose of funding major asset repairs and replacement and amounts are allocated to it as provided for in the Corporation’s budget. The capital reserve fund cash balances are designated from cash balances available for current operations and interest earned on these funds and interest on reserve fund investments are returned to the capital reserve fund.

	2024	2023
Balance, beginning of year	\$ 1,078,449	\$ 1,397,791
Allocation from operations	1,786,561	1,786,559
Allocation for additional capital expenses	—	—
Expenses	(1,468,083)	(2,204,779)
	318,478	(418,220)
Investment gains	153,815	98,880
Excess (deficiency) of expenses over revenue	472,293	(319,340)
Balance, end of year	\$ 1,550,742	\$ 1,078,451

Long-term investments in the amount of \$1,636,508 (2023 – \$1,482,693) have been designated to support the rent geared to income capital reserve fund.

6. Affordable housing program reserve fund:

Under the terms of the National Housing Act (“NHA”) insured mortgage loan to the Corporation, a capital replacement reserve fund was established to ensure funds are available to carry out capital replacements for the affordable housing project. An amount of at least 2.65% of the actual effective annual gross income of the affordable housing component is to be deposited in a segregated bank account identified for its intended purpose. Other transfers from the affordable housing program will be completed upon approval of the Board of Directors.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Affordable housing program reserve fund (continued):

	2024	2023
Balance, beginning of year	\$ 1,111,575	\$ 591,969
Net transfer from operations	142,749	598,415
Net transfer out of operations	—	(80,015)
Interest earned	34,101	1,206
Balance, end of year	\$ 1,288,425	\$ 1,111,575

7. Municipal subsidy payable/receivable:

Municipal subsidy revenue is subject to review by the Service Manager after the financial statements and annual reporting requirements have been submitted for the year, however, an estimate of subsidy to be recovered/paid is reported as a payable to/receivable from the Service Manager at year end based on actual expenses incurred during the year.

Revenue, municipal subsidy receivable/payable and operating surplus may change depending upon final review and approval by the Service Manager. Any additional year end adjustment resulting from this review will be reflected in the year of Service Manager approval.

An amount receivable to the Corporation of the City of Kingston of \$(30,732) (2023 - \$454,061 payable) has been reported on the Statement of Financial Position with respect to an estimate of the balance of subsidy revenue to be paid to the Service Manager as follows:

	Rent Supplement	Portable Housing	2024	2023
Subsidy advances received	\$ 3,512,925	\$ 738,722	\$ 4,251,647	\$ 4,156,911
Allowable expenses	(3,476,388)	(809,220)	(4,285,608)	(4,000,217)
Payable (receivable) to the Corporation of the City of Kingston	36,537	(70,498)	(33,961)	156,694
Prior year payment of subsidy	(345,315)	(105,517)	(450,832)	(32,682)
Beginning balance of subsidy payable (receivable)	348,544	105,517	454,061	330,049
Ending balance of subsidy payable (receivable)	\$ 39,766	\$ (70,498)	\$ (30,732)	\$ 454,061

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Asset retirement obligations:

The Corporation recorded asset retirement obligations as of the January 1, 2023 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The Corporation discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 8,823,929	\$ 8,823,929
Remeasurement of asset retirement obligation	176,478	—
Liabilities incurred during the year	—	—
Liabilities settled during the year	—	—
Liabilities for asset retirement obligations, end of year	\$ 9,000,407	\$ 8,823,929

9. Line of credit:

In 2017, the Corporation signed a revolving demand credit facility agreement for up to \$1,500,000, at the lender's prime rate, secured by a first charge on the lands and improvements located at 1130 Montreal Street, Kingston, Ontario to finance general operating requirements. As at December 31, 2024, this amount was undrawn (2023 - undrawn) and \$Nil interest expense (2023 - \$Nil) was recorded.

10. Budget information:

The Corporation reviews the operating and capital budgets annually. The budget figures are reflected in the Statement of Operations and Accumulated Surplus.

Approved budget figures have been reclassified and adjusted for the purposes of these financial statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit pension plan which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay. The OMERS Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 1,000 employers and 450,000 plan members.

Each year an independent actuary determines the funding status of the OMERS pension plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation reported an actuarial deficit of \$2.9 billion(2023 - \$4.2 billion). Because OMERS is a multi- employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Corporation has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Corporation does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS for 2024 was \$189,086 (2023 - \$177,051) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus.

12. Contingent liabilities:

- (a) The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2024, management believes that the Corporation has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Corporation's financial position.
- (b) In 2006, the Corporation entered into a contribution agreement with the Minister of Municipal Affairs and Housing ("the Minister") for the funding of an affordable housing capital project located at 119 & 129 Van Order Drive, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Minister the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

(b) (continued)

The contribution agreement also states that the loan shall be fully forgiven on the last day of the month at the end of the term of the loan, provided the Corporation has fulfilled all the requirements of the agreement. The full amount of the loan will be forgiven March 31, 2028. The loan proceeds of \$1,372,000 were recorded as grant revenue when received and the loan amount is not recorded in these financial statements.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Minister.

- (c) In 2011, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 233 Queen Mary Road, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirty-fifth (1/35) of the original principal amount of \$3,317,468 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2047.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (d) In 2015 the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 40 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$697,966 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2036.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

(d) (continued)

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (e) In 2015, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of ten rent-gear-to-income units in an affordable housing capital project located at 40 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the first day of the month following the occupancy date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth ($1/20$) of the original principal amount of \$1,102,034 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2036.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (f) In 2017, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital project located at 645 Brock Street, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth ($1/30$) of the original principal amount of \$1,342,500 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2047.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

- (g) In 2017, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of ten rent-geared-to-income units in an affordable housing capital project located at 645 Brock Street, Kingston Ontario. This agreement states that on each anniversary date of the first day of the month following the occupancy date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$1,157,500 for each year following occupancy provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2038.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (h) In 2018, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 28 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,200,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2048.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (i) In 2018, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 1 Curtis Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

(i) (continued)

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,500,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2049.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (j) In 2018, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 20 Cliff Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one thirtieth (1/30) of the original principal amount of \$1,200,000 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2049.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (k) In 2020, the Corporation entered into a contribution agreement with the Canada Mortgage and Housing Corporation for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$198,155 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

(k) (continued)

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (l) In 2020, the Corporation entered into a municipal contribution agreement with the Corporation of the City of Kingston for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$723,215 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (m) In 2020, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston under the Investment in Affordable Housing for Ontario Program for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$626,785 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Contingent liabilities (continued):

- (n) In 2020, the Corporation entered into a contribution agreement with the Corporation of the City of Kingston under the Ontario Priorities Housing Initiative for the funding of an affordable housing capital infill project located at 27 Wright Crescent, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$1,306,820 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2040.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

- (o) In 2022, the Corporation entered into a contribution agreement with the Canada Mortgage and Housing Corporation under the Investment in Affordable Housing for Ontario Program for the funding of an affordable housing capital infill project located at 1316 Princess Street, Kingston Ontario. This agreement states that on each anniversary date of the interest adjustment date, the Corporation shall pay the Service Manager the amount of interest as calculated on the loan. However, the amount of interest shall be forgiven if the requirements of the agreement are satisfied by the Corporation. The annual interest since inception of the loan has been forgiven and is not recorded in these financial statements.

The contribution agreement also states that the loan shall be forgiven at a rate of one twentieth (1/20) of the original principal amount of \$6,264,091 for each year following the first advance provided the Corporation has fulfilled all the requirements of the agreement. The loan proceeds were recorded as grant revenue when received and the loan amount is not recorded in these financial statements. The loan agreement expires in 2031.

Any interest or loan payable will be recorded in the financial statements when an event arises resulting in an obligation for the Corporation to pay interest charges or loan proceeds back to the Service Manager.

13. Tangible capital assets:

- (a) Assets under construction:

The balance of assets under construction in 2024 is \$31,649,701 (2023 - \$20,918,882).

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Tangible capital assets (continued):

(b) Cost:

Cost	Balance December 31, 2023	Additions	Transfers	Disposals	Balance December 31, 2024
Land - Rent Geared to Income	\$ 9,837,603	\$ —	\$ —	\$ —	\$ 9,837,603
Land - Queen Mary Road	180,000	—	—	—	180,000
Land - Van Order Drive	342,000	—	—	—	342,000
Land - 40 Cliff Crescent (AFD/MR)	52,964	—	—	—	52,964
Land - 28 Cliff Crescent	9,333	—	—	—	9,333
Land - 645 Brock Street	342,000	—	—	—	342,000
Land - 20 Cliff Crescent	50,870	—	—	—	50,870
Land - Curtis Crescent	13,406	—	—	—	13,406
Land Wright	500,000	—	—	—	500,000
Land (THK)	2,175,415	—	—	—	2,175,415
Land Curtis II	8,048	—	—	—	8,048
Land improvements (THK)	—	—	—	—	—
Land improvements - Rent Geared to Income	2,575,360	—	—	—	2,575,360
Land improvements - Queen Mary Road	114,950	—	—	—	114,950
Land improvements - Van Order Drive	120,630	—	—	—	120,630
Land improvements - 40 Cliff Crescent (AFD/MR)	141,600	—	—	—	141,600
Land improvements - 645 Brock Street	197,585	—	—	—	197,585
Land Improvements - 20 Cliff Crescent	20,050	—	—	—	20,050
Land Improvements - Curtis Crescent	33,401	—	—	—	33,401
Land Improvement – Wright	352,612	—	—	—	352,612
Land Improvement - Curtis II	213,831	—	—	—	213,831
Land Improvement – 35 Eldon/55 Notch	483,830	—	—	—	483,830
Building (THK)	29,811,886	—	—	—	29,811,886
Building - Rent Geared to Income	45,253,958	926,524	103,240	—	46,283,722
Building - Queen Mary Road	4,504,932	—	—	—	4,504,932
Building - Van Order Drive	7,400,877	—	—	—	7,400,877
Building - 40 Cliff Crescent	4,496,072	—	—	—	4,496,072
Building - 28 Cliff Crescent	1,977,851	—	—	—	1,977,851
Building - 645 Brock Street	4,273,003	—	—	—	4,273,003
Building - 20 Cliff Crescent	1,339,157	—	—	—	1,339,157
Building - Curtis Crescent	2,351,915	—	—	—	2,351,915
Building – Wright	6,611,415	—	—	—	6,611,415
Building – Curtis II	2,114,254	—	—	—	2,114,254
Assets under construction	20,918,882	10,834,059	(103,240)	—	31,649,701
	\$ 148,819,690	\$ 11,760,583	\$ —	\$ —	\$ 160,580,273

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Tangible capital assets (continued):

(c) Accumulated amortization:

Accumulated depreciation	Balance December 31, 2023	Additions	Transfers	Disposals	Balance December 31, 2024
Land improvements - THK	\$ —	\$ —	\$ —	\$ —	\$ —
Land improvements - Rent Geared to Income	1,339,022	91,089	—	—	1,430,111
Land improvements - Queen Mary Road	43,748	3,832	—	—	47,580
Land improvements - Van Order Drive	68,357	4,021	—	—	72,378
Land improvements - 40 Cliff Crescent	35,007	4,720	—	—	39,727
Land improvements -645 Brock Street	30,186	6,586	—	—	36,772
Land Improvements - 20 Cliff Crescent	2,394	668	—	—	3,062
Land Improvements - Curtis Crescent	3,710	1,113	—	—	4,823
Land Improvement – Wright	17,631	11,754	—	—	29,385
Land Improvement - Curtis II	3,564	7,128	—	—	10,692
Land Improvement - 35 Eldon/55 Notch	107,075	20,335	—	—	127,410
Building - THK	22,378,532	716,561	—	—	23,095,093
Building - Rent Geared to Income	23,355,545	1,525,103	—	—	24,880,648
Building - Queen Mary Road	1,286,286	112,404	—	—	1,398,690
Building - Van Order Drive	3,000,305	184,236	—	—	3,184,541
Building - 40 Cliff Crescent	833,647	112,402	—	—	946,049
Building - 28 Cliff Crescent	247,245	49,446	—	—	296,691
Building - 645 Brock Street	489,615	106,825	—	—	596,440
Building - 20 Cliff Crescent	119,966	33,479	—	—	153,445
Building - Curtis Crescent	195,993	58,798	—	—	254,791
Building - Wright	247,928	165,285	—	—	413,213
Building - Curtis II	26,428	52,856	—	—	79,284
	\$ 53,832,184	\$ 3,268,641	\$ —	\$ —	\$ 57,100,825

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Tangible capital assets (continued):

(d) Net book value:

	Net book value December 31, 2023	Net book value December 31, 2024
Land - Rent Geared to Income	\$ 9,837,603	\$ 9,837,603
Land - Queen Mary Road	180,000	180,000
Land - Van Order Drive	342,000	342,000
Land - 40 Cliff Crescent	52,964	52,964
Land - 28 Cliff Crescent	9,333	9,333
Land - 645 Brock Street	342,000	342,000
Land - 20 Cliff Crescent	50,870	50,870
Land - Curtis Crescent	13,406	13,406
Land Wright	500,000	500,000
Land (THK)	2,175,415	2,175,415
Land Curtis II	8,048	8,048
Land improvements (THK)	—	—
Land improvement - Rent Geared to Income	1,236,338	1,145,249
Land improvement - Queen Mary Road	71,202	67,370
Land improvement - Van Order Drive	52,273	48,252
Land improvement - 40 Cliff Crescent	106,593	101,873
Land improvement - 645 Brock Street	167,399	160,813
Land improvements - 20 Cliff Crescent	17,656	16,988
Land improvements - Curtis Crescent	29,691	28,578
Land improvements - Wright	334,981	323,227
Land improvements - Curtis II	210,267	203,139
Land improvements - 35 Eldon/55 Notch	376,755	356,420
Building - THK	7,433,354	6,716,793
Building - Rent Geared to Income	21,898,413	21,403,074
Building - Queen Mary Road	3,218,646	3,106,242
Building - Van Order Drive	4,400,572	4,216,336
Building - 40 Cliff Crescent	3,662,425	3,550,023
Building - 28 Cliff Crescent	1,730,606	1,681,160
Building - 645 Brock Street	3,783,388	3,676,563
Building - 20 Cliff Crescent	1,219,191	1,185,712
Building - Curtis Crescent	2,155,922	2,097,124
Building - Wright	6,363,487	6,198,202
Curtis II	2,087,826	2,034,970
Assets under construction	20,918,882	31,649,701
	\$ 94,987,506	\$ 103,479,448

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Local housing subsidy:

Rent supplement administration subsidy of \$197,055 (2023 - \$192,248) received from the Corporation of the City of Kingston was included with the local housing subsidy on the Statement of Operations and Accumulated Surplus.

15. Construction of 27 Wright Crescent and 1316 Princess Street located in Kingston, Ontario:

- (a) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston (OPHI) to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$1,306,820 in this regard of which \$Nil (2023 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (b) In 2020, the Corporation entered into an agreement with The Corporation of the City of Kingston (IAH) to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$626,785 in this regard of which \$Nil (2023 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (c) In 2021, the Corporation entered into an agreement with The Corporation of the City of Kingston to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$7,953,753 in this regard of which \$Nil (2023 - \$3,181,501) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (d) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (MCA) to construct a new affordable housing building located at 27 Wright Crescent. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$723,215 in this regard of which \$Nil (2023 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (e) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (OPHI) to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with aggregate funding of \$854,025 in this regard of which \$Nil (2023 - \$Nil) was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.
- (f) In 2022, the Corporation entered into an agreement with The Corporation of the City of Kingston (IAH) to construct a new affordable housing building located at 1316 Princess Street. The Corporation of the City of Kingston agreed to provide the Corporation with funding of \$Nil (2023 - \$250,000) which was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

15. Construction of 27 Wright Crescent and 1316 Princess Street located in Kingston, Ontario (continued):

- (g) In 2022, the Corporation entered into an agreement with Canada Mortgage and Housing Corporation to construct a new affordable housing building located at 1316 Princess Street. During the year, \$Nil of the total forgivable loan \$6,264,091 (2023 - \$4,827,182) was received and which was recorded in the year and is included on the Statement of Operations and Accumulated Surplus.

16. Portable housing benefit:

In 2024, the Corporation received a subsidy for the Portable Housing Benefit which was designed to subsidize rent payments for high-need individuals. The amount of subsidies received during the year amounted to \$809,220 (2023 - \$598,530) and is included as a component of revenues on the Statement of Operations and Accumulated Surplus. The expenses incurred in the year were \$809,220 (2023 - \$598,530) and is included as a component of expenses on the Statement of Operations and Accumulated Surplus.

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to tenant and other accounts receivable are credited to the Statement of Operations and Accumulated Surplus. The balance of the allowance for doubtful accounts at December 31, 2024 is \$151,978 (2023 - \$154,347).

The Corporation follows an investment policy approved by its Board of Directors. The maximum exposure to credit risk with respect to investments of the Corporation at December 31, 2024 is the carrying value of long-term investment assets.

There have been no significant changes to the credit risk exposure from 2023.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial risks and concentration of credit risk (continued):

(a) Credit risk (continued):

The amounts outstanding at year end were as follows:

As at December 31, 2024	Current	1–30 days	31–60 days	61–90 days	91+ days	Total
Rents receivables	\$ 75,774	\$ 41,280	\$ 28,015	\$ 17,192	\$ 179,817	\$ 342,078
Other receivables	737,465	–	–	–	–	737,465
Gross receivables	813,239	41,280	28,015	17,192	179,817	1,079,543
Impairment allowances	–	–	–	–	(151,978)	(151,978)
Net receivables	\$ 813,239	\$ 41,280	\$ 28,015	\$ 17,192	\$ 27,839	\$ 927,565

The amounts outstanding at year end were as follows:

As at December 31, 2023	Current	1–30 days	31–60 days	61–90 days	91+ days	Total
Rents receivables	\$ 79,579	\$ 50,201	\$ 39,335	\$ 27,853	\$ 190,559	\$ 387,527
Other receivables	877,613	–	–	–	–	877,613
Gross receivables	957,192	50,201	39,335	27,853	190,559	1,265,140
Impairment allowances	–	–	–	–	(154,347)	(154,347)
Net receivables	\$ 957,192	\$ 50,201	\$ 39,335	\$ 27,853	\$ 36,212	\$ 1,110,793

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial risks and concentration of credit risk (continued):

The amounts outstanding at year end were as follows:

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Corporation's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

(i) Currency risk:

Currency risk arises from the Corporation's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Corporation does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. The Corporation is exposed to this risk through its interest-bearing investments and long-term debt.

The Corporation's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 4. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2024, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$38,867 (2023 - \$35,093).

The Corporation's investments are disclosed in note 3.

There has been no change to the interest rate risk exposure from 2023.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial risks and concentration of credit risk (continued):

(b) Market risk (continued):

The amounts outstanding at year end were as follows:

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Corporation is exposed to this risk through its mutual fund holdings within its investment portfolio. At December 31, 2024, a 10% movement in the stock markets, with all other variables held constant, would have an estimated effect on the fair values of the Corporation's mutual fund holdings of \$56,650 (2023 - \$Nil).

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet all of its cash outflow obligations as they come due. The Corporation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The Corporation also maintains an unsecured line of credit with a Canadian chartered bank in the amount of \$1,500,000 (2023 - \$1,500,000) to cover short-term funding needs. There was \$Nil outstanding on the line of credit at December 31, 2024 (2023 - \$Nil). Accounts payable are all current and the terms of the long-term debt are disclosed in note 4.

There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

KINGSTON & FRONTENAC HOUSING CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial risks and concentration of credit risk (continued):

(c) Liquidity risk (continued):

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2024	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 4,678,880	\$ —	\$ —	\$ —	\$ 4,678,880
Accrued payroll and employee benefits	198,070	—	—	—	198,070
Long-term debt	10,859,250	876,071	7,248,189	13,574,546	32,558,056
	\$ 15,736,200	\$ 876,071	\$ 7,248,189	\$ 13,574,546	\$ 37,435,006

As at December 31, 2023	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 4,861,987	\$ —	\$ —	\$ —	\$ 4,861,987
Accrued payroll and employee benefits	166,737	—	—	—	166,737
Long-term debt	7,032,621	820,360	18,021,232	1,187,389	27,061,602
	\$ 12,061,345	\$ 820,360	\$ 18,021,232	\$ 1,187,389	\$ 32,090,326

18. Commitments:

During 2024, the Corporation entered into a capital contract for the common room conversion in the amount of \$870,000. The capital contract remaining as of December 31, 2024 is \$800,000. The construction commenced in 2024 and is expected to be completed in summer 2025.

KINGSTON & FRONTENAC HOUSING CORPORATION

Schedule 1 - Rent Geared to Income Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 10)	2024 Total	2023 Total
Revenue:			
Rents	\$ 5,351,807	\$ 5,836,811	\$ 5,659,104
Local housing subsidy (note 14)	6,940,748	6,940,748	6,770,360
Rent supplement	3,954,612	3,476,388	3,401,687
Portable Housing Program subsidy	738,722	809,220	598,530
Non-rental revenue	238,000	326,186	331,285
Interest income	62,000	391,684	325,653
	17,285,889	17,781,037	17,086,619
Expenses:			
Rent supplement and portable program costs	4,693,334	4,285,609	4,000,217
Salaries and benefits	2,395,080	2,351,125	2,312,898
Municipal taxes	2,605,954	2,531,478	2,474,645
Capital expenses	1,786,561	673,537	329,720
Maintenance expense	1,846,285	1,883,453	1,849,945
Utilities	1,245,593	1,188,101	1,176,474
Professional services	347,782	321,488	396,046
Insurance	539,761	546,831	466,331
Administration services and expenses	168,008	177,839	328,133
Bad debts	228,000	129,272	225,900
Interest on long-term debt	196,218	197,451	259,663
Amounts recognized as tangible capital assets	—	—	—
	16,052,576	14,286,184	13,819,972
Annual surplus before the undernoted items	1,233,313	3,494,853	3,266,647
Amortization expense	—	2,236,113	2,178,206
Annual surplus	1,233,313	1,258,740	1,088,441
Accumulated surplus, beginning of year		34,460,066	33,371,625
Accumulated surplus, end of year		\$ 35,718,806	\$ 34,460,066
Analyzed as follows:			
Surplus		\$ 34,168,064	\$ 33,381,615
Reserve Fund (note 5)		1,550,742	1,078,451
Accumulated surplus, end of year		\$ 35,718,806	\$ 34,460,066

KINGSTON & FRONTENAC HOUSING CORPORATION

Schedule 2 - Affordable Housing Program Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 10)	2024 Total	2023 Total
Revenue:			
Rents	\$ 3,386,335	\$ 3,222,715	\$ 3,079,631
Province of Ontario grant	168,000	167,945	167,945
Non-residential rents	140,589	140,589	137,160
Interest income	9,000	364,426	305,844
Non-rental revenue	91,288	56,861	69,203
	3,795,212	3,952,536	3,759,783
Expenses:			
Interest on long-term debt	666,372	609,089	501,612
Utilities	381,000	316,469	324,595
Municipal taxes	491,000	452,339	441,725
Maintenance expense	401,303	327,716	311,551
Salaries and benefits	669,767	386,656	354,856
Insurance	135,526	111,698	141,142
Professional services	79,128	30,406	24,262
Capital expense	300,000	73,288	47,279
Administration services and expenses	12,020	20,854	16,884
Bad debts	36,472	11,599	95,927
	3,172,588	2,340,114	2,259,833
Annual surplus before the undernoted items	622,624	1,612,422	1,499,950
Amortization expense	—	1,032,528	1,002,535
Capital government grants	—	(425,779)	(8,258,683)
	—	606,749	(7,256,148)
Annual surplus	662,624	1,005,673	8,756,098
Accumulated surplus, beginning of year		35,228,781	26,472,683
Accumulated surplus, end of year		\$ 36,234,454	\$ 35,228,781
Analyzed as follows:			
Surplus		\$ 34,946,029	\$ 34,117,206
Reserve Fund (note 6)		1,288,425	1,111,575
		\$ 36,234,454	\$ 35,228,781